

United States Senate

WASHINGTON, DC 20510

May 24, 2002

The Honorable Thomas Daschle
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Trent Lott
Republican Leader
United States Senate
Washington, DC 20510

The Honorable Max Baucus
Chairman
Senate Committee on Finance
United States Senate
Washington, DC 20510

The Honorable Chuck Grassley
Ranking Republican Member
Senate Committee on Finance
United States Senate
Washington, DC 20510

The Honorable Edward Kennedy
Chairman
Senate Committee on Health, Education,
Labor and Pensions
United States Senate
Washington, DC 20510

The Honorable Judd Gregg
Ranking Republican Member
Senate Committee on Health,
Education, Labor and Pensions
United States Senate
Washington, DC 20510

Dear Colleagues:

As the Senate considers pension reform legislation, we urge your help in ensuring that any final bill takes into account the unique concerns of privately held, employee-owned companies across America and the employees who own them.

Thousands of small and mid-sized, non-public companies in every state across America are employee-owned. These companies are a hallmark of American entrepreneurship, helping fuel the national economy with jobs for millions of workers.

While they have been engines of economic growth, particularly during economic slowdowns, the structure of these non-publicly traded companies makes them vulnerable to certain proposed reforms. Legislation that fails to recognize these vulnerabilities could jeopardize the viability of these companies and, in doing so, could hinder the retirement savings of hundreds of thousands of Americans who own them.

For example, since the stock of a private business cannot be sold on the public market, the only viable purchaser of the stock is often the company itself. Any change to current law to require or promote the sale of a private company's stock would greatly strain the company's capital, and hamper its ability to fund ongoing operations and

growth. This would, quite simply, reduce the value of these businesses and, as a consequence, devalue the stock accounts of their employee-owners.

In our efforts to reform the pension system, we must take care not to hurt the very workers we aim to help. In order to boost the limited retirement savings of Americans, we must ensure that our small and mid-sized private companies remain viable so that they can continue to provide a meaningful vehicle by which employees can invest to enhance their own retirement security.

Sincerely,

John Breaux

Jay Byrnes

Craig Thomas

Susan Collins

Paul Coburn

Phil Chafe

Kevin Hatch

Art Bond

Bob Turner
Fred Thompson

Michael D. Bayl

Tom Carper